

Message Text

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ACTION EB-06

INFO OCT-01 EUR-08 ISO-00 L-02 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-05 NSAE-00 RSC-01 FAA-00 /025 W

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P 231206Z OCT 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 5021

INFO AMEMBASSY THE HAGUE PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, UK

SUBJ: CIVAIR - US-UK CARGO CAPACITY

REF: STATE 232480

1. WE DISCUSSED SEABOARD PROBLEM AT LENGTH WITH IAN BROWN, DEPT. OF TRADE, LATE AFTERNOON OCT. 22 AND PRIOR TO RECEIPT OF REFTEL. BROWN SAID HE HAD JUST BEEN INSTRUCTED BY ROGERS TO SEND REPLY TO MESSAGE FROM GORDON-CUMMING UK EMBASSY WASHINGTON IN WHICH G-C SAID BURCH PLANNING LONDON STOP OCTOBER 28 TO TRY RESOLVE DISPUTED FACTS RE CARGO CAPACITY, BUT THAT USG SAW LITTLE POINT IN SUCH A VISIT UNLESS UKG EXTENDED SEABOARD PERMIT BEYOND OCT. 31. REPLY BROWN INSTRUCTED TO SEND WAS TO SAY UKG WOULD WELCOME BURCH VISIT BUT THAT HE SHOULD NOT COME IF EXTENSION OF SEABOARD PERMIT IS PRE-CONDITION FOR TALKS OR EVEN IF HE EXPECTS TO GAIN PERMIT EXTENSION WITHOUT SOME OFF-SETTING CONCESSION ON PART OF US.

2. WE TOLD BROWN AGAIN THAT US DOES NOT BELIEVE THERE IS EXCESS CARGO CAPACITY AND PURPOSE OF BURCH VISIT WOULD BE TO RECONCILE CRUCIAL STATISTICS WHICH ARE IN DISPUTE. IF US SIDE IS PERSUADED BY BRITISH THAT CAPACITY PROBLEM EXISTS, IT MAY THEN BE POSSIBLE TO GET AIRLINES TOGETHER TO WORK OUT PROBLEM. ON OTHER HAND, IF US POSITION IS CORRECT, THEN INTER-CARRIER TALKS WOULD NOT BE APPROPRIATE.

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ATE AND NEITHER WOULD WE CONSIDER IT THEN APPROPRIATE FOR

UKG TO TERMINATE SEA-
BOARD'S 747 PERMIT. WE ARGUED THAT
TIMING FACTOR MADE IT ESSENTIAL THAT PERMIT AT LEAST BE
EXTENDED TO ALLOW TALKS TO TAKE PLACE.

3. BROWN SAID UK HAD HOPED CARRIERS WOULD GET TOGETHER
TO AGREE AMONG THEMSELVES ON AN ARRANGEMENT THAT WOULD
SATISFY BRITISH AIRWAYS. FAILING THAT, HE SAID, THEY HAD
HOPED GOVERNMENTS MIGHT WORK OUT A CAPACITY
RATIONALIZATION OR SOME OTHER OFF-SETTING CONCESSION FOR
BRITISH AIRWAYS THAT WOULD AFFORD A BASIS FOR UKG TO ALLOW
SEABOARD TO CONTINUE WHAT BRITISH REGARD TO BE AN ILLEGAL
SERVICE BY SEABOARD. VIEWED IN THIS WAY, UK MAINTAINS
THAT EVEN IF US WERE TO CONVINCE UK NO CAPACITY PROBLEM
EXISTS, THIS IN ITSELF WOULD NOT BE SUFFICIENT GROUNDS
FOR UK TO PERMIT SEABOARD TO OPERATE OUTSIDE THE TERMS OF
THE AGREEMENT.

4. WE AGAIN POINTED OUT THAT ALTERNATIVES TO PRESENT
SEABOARD ROUTING COULD VERY WELL RESULT IN ADDITIONAL
CAPACITY IN THE LONDON MARKET. BROWN SAID UK UNDERSTOOD
THIS A LIKELY POSSIBILITY. IF US IS CORRECT ABOUT
CAPACITY, PERHAPS THIS WOULD NOT HAVE UNDUE AFFECT ON
BRITISH AIRWAYS. ON OTHER HAND, IF EXCESS CAPACITY RESULTS
WHICH ADVERSELY AFFECTS BRITISH CARRIER, UKG WOULD DEAL
WITH THAT PROBLEM WITHIN TERMS OF BILATERAL AGREEMENT.

5. COMMENT: WE BELIEVE BRITISH ARE NOW ADAMANT ON QUEST-
ION OF FURTHER EXTENSION OF SEABOARD'S 747 PERMIT AND
FURTHER REPRESENTATIONS WOULD BE POINTLESS. UNDER CIRCUM-
STANCES, LONDON VISIT BY BURCH, WHILE STILL USEFUL, IS
CONSIDERABLY LESS COMPELLING THAN WHEN IT WAS HOPED THAT
VISIT MIGHT SAVE SEABOARD'S LONDON/PARIS SERVICE WITHOUT
SOME OFF-SETTING ADVANTAGE FOR BRITISH AIRWAYS. PLEASE
ADVISE ASAP WHETHER BURCH INTENDS TO STOP IN LONDON ON
RETURN FROM THE HAGUE.

ANNENBERG

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Message Attributes

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Disposition Date: 28 MAY 2004
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